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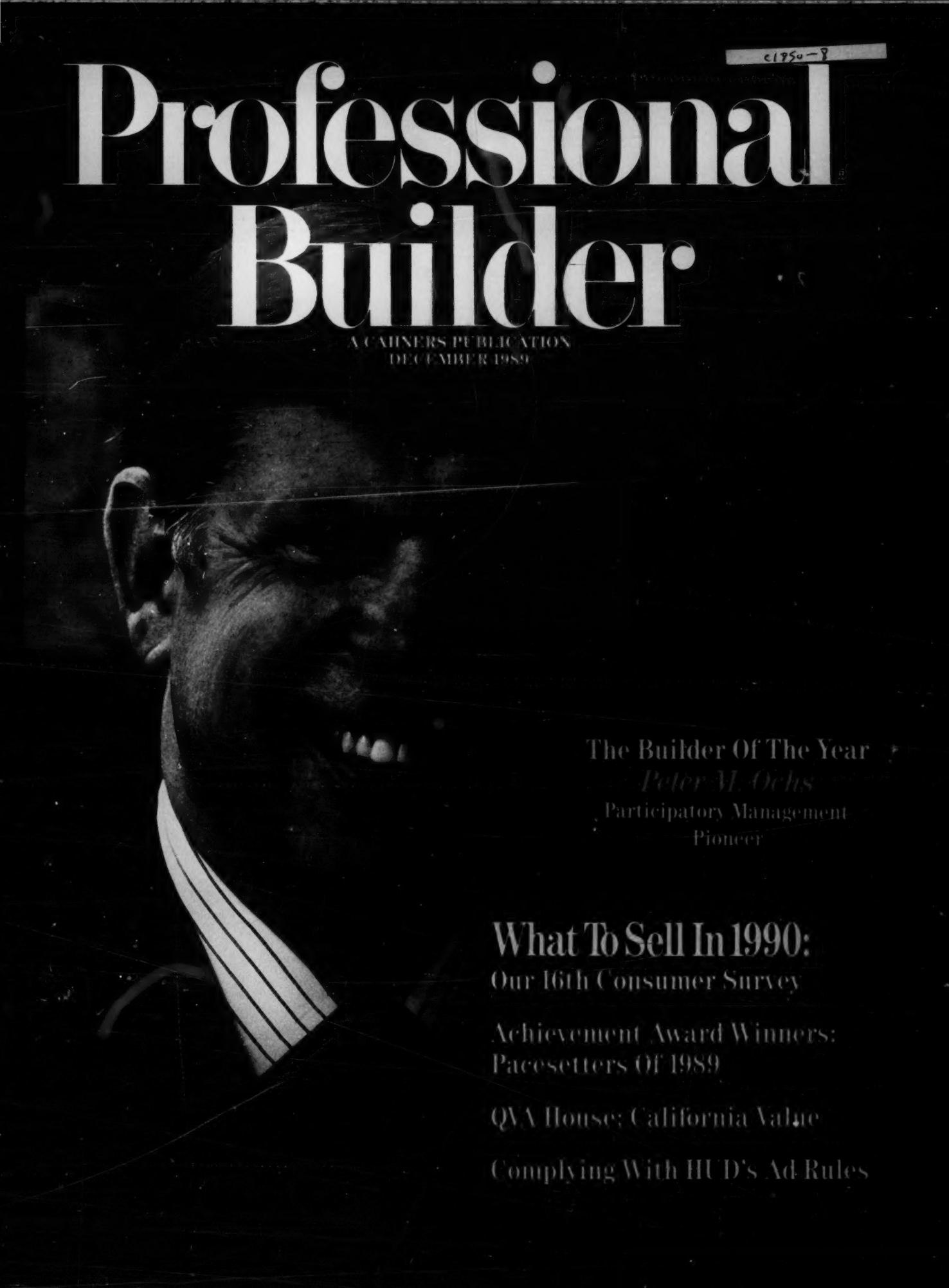
Professional Builder

A CAHNERS PUBLICATION
DECEMBER 1989



The Builder Of The Year
Peter M. Ochs
Participatory Management Pioneer

What To Sell In 1990:
Our 16th Consumer Survey

Achievement Award Winners: Pacesetters Of 1989

QVA House: California Value

Complying With HUD's Ad Rules

Professional Builder

DECEMBER • 1989 VOL. 54

THE MAGAZINE OF HOUSING AND LIGHT CONSTRUCTION/A CAHNERS PUBLICATION

The Builder Of The Year, Peter Ochs, has made it a point to listen to his employees. His management style has made Fieldstone Co. a leader. Page 82.

Our Professional Achievement Awards honor individuals for their efforts in affordable housing, design, diversification and more. Page 90.

Before you sign off on new floor plans, take a look at what home shoppers say they want in their next house. Our 16th Consumer Survey, page 100.

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The Builder Of The Year 82

Peter M. Ochs, 46, has lead his Fieldstone Co. to annual revenues of $330 million in just 8 years. That's impressive in itself. But how he has led his company is the reason *Professional Builder* names Ochs the 1989 Builder Of The Year.

PB's 1989 Professional Achievement Award Winners 90

This was a tough year for many builders and the home building industry itself faced some difficult challenges. Generally, 1989 starts and sales were down compared to the previous year. *Professional Builder* recognizes 11 individuals for their success and contributions to the housing industry in 1989.

16th Annual Consumer Survey 100

Here's a detailed blueprint of what home buyers want in their next house. Find out what they need in the kitchen and the baths, where they want the master bedroom, how much they can afford to pay each month and their motivations for buying. Survey results show housing needs by market—first-time, move-up and move-down home buyers and retirees.

Home Of Quality, Value And Affordability 118

Careful land planning and attention to detail at California Reflections in Orange County, Calif., turned out a QVA winner for Kaufman & Broad.

Remodeling Project Of The Month 151

Fireside Home Remodeling built living quarters on the top floor of a 200-year-old mill. The firm provided all the modern conveniences but retained the historical feeling of the original building.

On the Cover

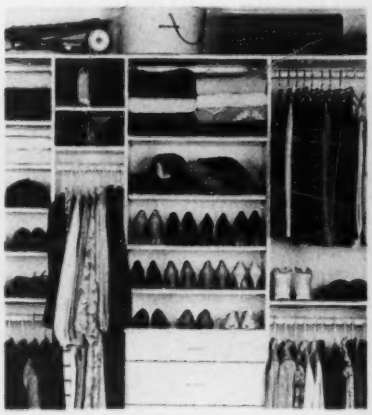
Marc Berlow photographed The Builder Of The Year, Peter Ochs, at Fieldstone Co. headquarters in Newport Beach, Calif.

Professional Builder

THE MAGAZINE OF HOUSING AND LIGHT CONSTRUCTION/A CAHNERS PUBLICATION

Research house shows new building technologies, page 54.

Don't expect a housing bill before 1990. That's the word from Capitol Hill. Page 22. **Housing legislation has had to take a back seat to more urgent matters** — specifically the clean up of the thrift mess and putting HUD back in order. Page 26. **Will your advertisements bring you lawsuits rather than home buyers?** One Maryland developer settled out of court with a group that felt the ads were discriminatory. Here's how to stay on the right side of HUD's Fair Housing rules for advertising. Page 35. **Marketing to seniors** takes common sense. Page 39. Putting models in the right place can pay off. Page 40.



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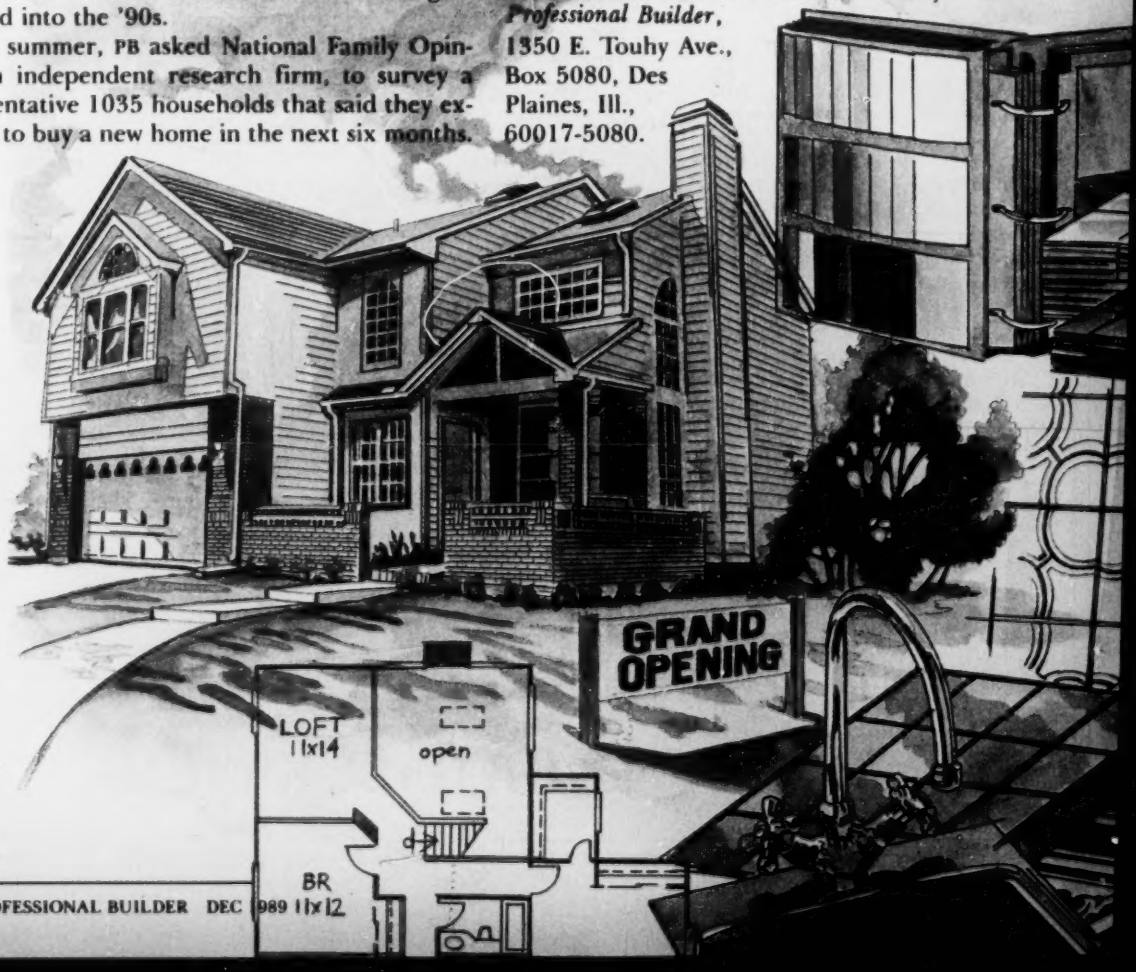
WHAT 1990 BUYERS WANT IN HOUSING

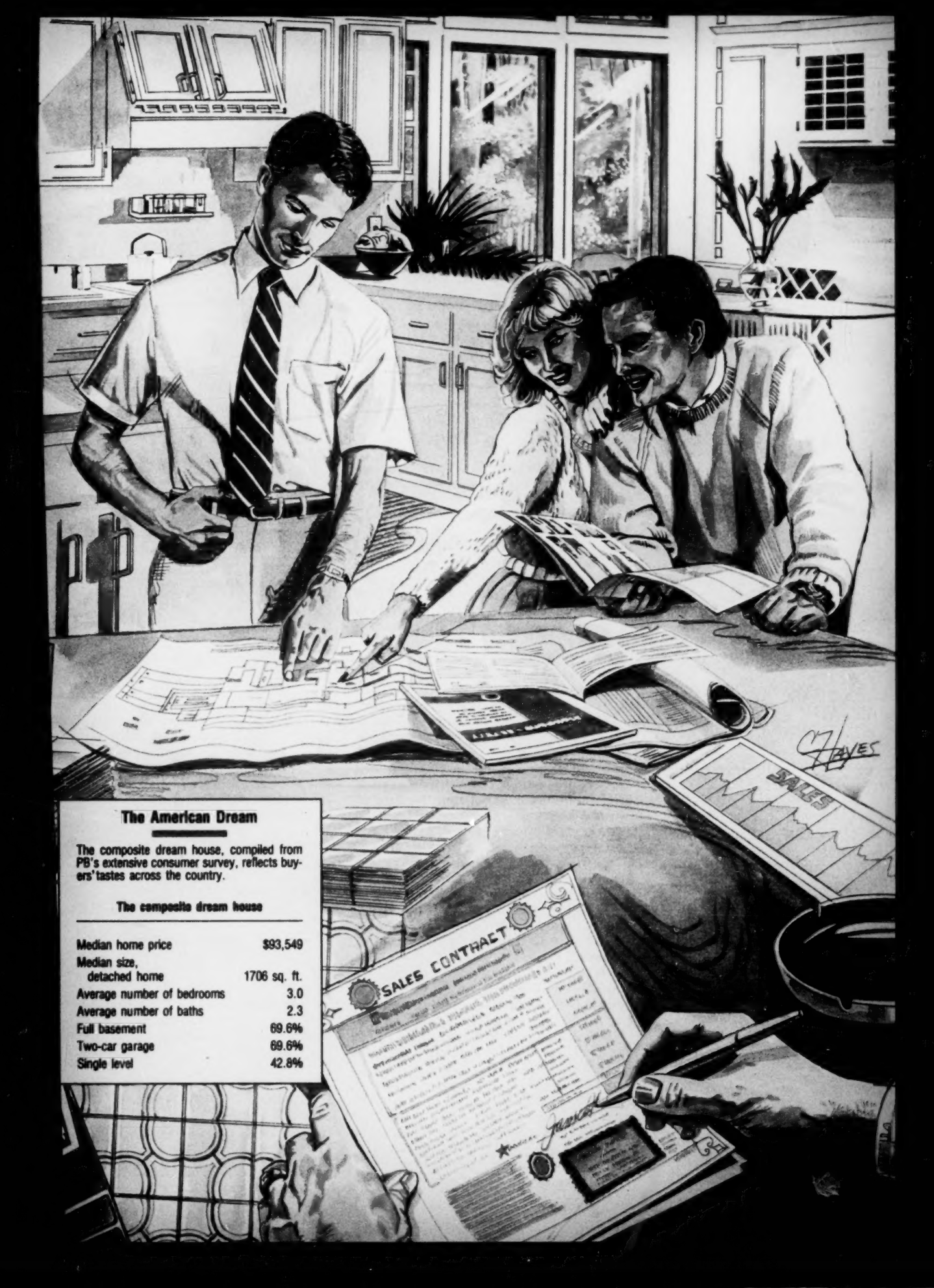
Written by Eric L. Benderoff, Staff Editor

Home buyers are tough to please. They want their next house to be perfect. That's why builders offer product options, color choices and different elevations. Home buyers want to individualize. The information compiled on the following 16 pages is intended to help builders give buyers exactly what they want. And this, The *Professional Builder* 16th consumer survey, reflects what consumers want in housing as we head into the '90s.

This summer, PB asked National Family Opinion, an independent research firm, to survey a representative 1035 households that said they expected to buy a new home in the next six months. This survey is based upon 814 households, a 78.6 percent response. In addition, The PB research arm, the Bureau of Building Marketing Research, surveyed 324 home builders on business practices and what works in their best-selling model homes.

The complete surveys, which contain considerably more information than we have space to report, can be purchased for $450. The consumer and builder surveys are also available separately for $320 each. Send a check or money order to: *Professional Builder*, 1350 E. Touhy Ave., Box 5080, Des Plaines, Ill., 60017-5080.





The American Dream

The composite dream house, compiled from PB's extensive consumer survey, reflects buyers' tastes across the country.

The composite dream house

Median home price	$93,549
Median size, detached home	1706 sq. ft.
Average number of bedrooms	3.0
Average number of baths	2.3
Full basement	69.6%
Two-car garage	69.6%
Single level	42.8%

MONEY & MOTIVATION

Buyers Want More Space

Real estate is local. That truism is validated by the affordable housing crisis. While it is true that home buyers in some markets—notably San Francisco, Washington, D.C., and Boston, in particular—cannot afford to own a home, most home shoppers can.

Nationally, 36 percent of all home shoppers say a wide selection of affordable for-sale housing is available in their area. And 46 percent say it is available but very hard to find.

In 1990, builders of affordable housing will have to call attention to themselves.

The median price retirees could afford for a new house is $86,200. But 28% of retirees cannot afford more than $65,000 for a new house.

It is not the downpayment that is a big concern to most buyers. Rather, it is the cost of the house and the monthly payment that rank as the factors most important in the buying decision.

And why do buyers look for new homes? It depends in part on who is looking. Move-up home buyers want a larger home and a better location, while empty-nesters want a smaller home with less maintenance.

And how much will they pay? Again, that depends on the buyer. The median price move-up buyers expect to pay is $122,000, with a median downpayment of $30,000. That downpayment is 20 percent higher than last year when move-up's paid $25,000 down on a $114,000 house. First-time buyers, of course, are different. Last year, first timers paid a median of $10,000 for a downpayment on a $77,999 house. This year, they expect to pay more for the house, $80,399, but the same $10,000 for a downpayment.

Economists and housing experts say the biggest market for new home sales in 1990, as in the past few years, is the move-up buyer. And as the above figures indicate, move-ups have a healthy checkbook. What they want to buy is a better designed home, 52.5 percent said. Building equity (43.8 percent) and more space for a growing family (42.9 percent) are additional needs.

House Size = Price Paid

As might be expected, the size of the house is directly related to the price paid. However, in the $100,000 to $199,999 price range, buyers only expect 100 square feet more. On average, first-time buyers expect a 1613-square-foot house, but 15% of first timers don't know what their money will buy.

Less than $85,000
1482 square feet

$85,000 to $99,999
1776 square feet

$100,000 to $149,999
1976 square feet

$150,000 to $199,999
2098 square feet

$200,000 to $300,000
2438 square feet

More than $300,000
2686 square feet

Government Should Aid First Timers

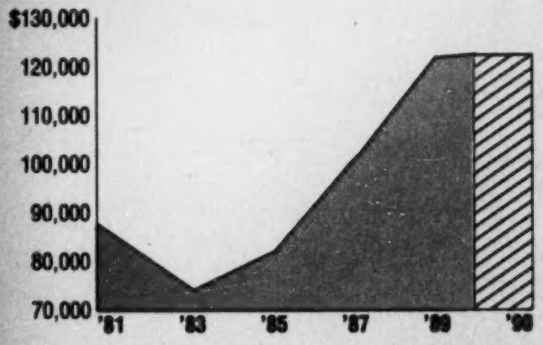
According to all consumers the government should help first-time buyers afford a house. Most home shoppers think the government should not subsidize builders for affordable housing projects, but aid the buyers.

Should government help first-time buyers?	% all consumers
• Yes, encourage finance plans with low downpayments.	21.8%
• Yes, offer finance plans that keep payments lower.	19.8
• Yes, provide tax savings for downpayment.	13.2
• Yes, subsidize mortgage interest rates.	12.2
• Yes, should help builders provide affordable housing.	8.3
• No.	25.8

Housing Costs Soar in The '80s

The cost of housing rose 36% from 1981 to 1989 and 67% from 1983. In 1990, consumers are willing to pay an average price of $121,145. The median price home buyers expect to pay is $93,549. According to the Commerce Department, the cost of a median priced house as part of total income is decreasing. In 1983 homeowners spent 30.1% of their income on housing. In 1988, consumers spent 22.1%. This decrease is due to falling interest rates.

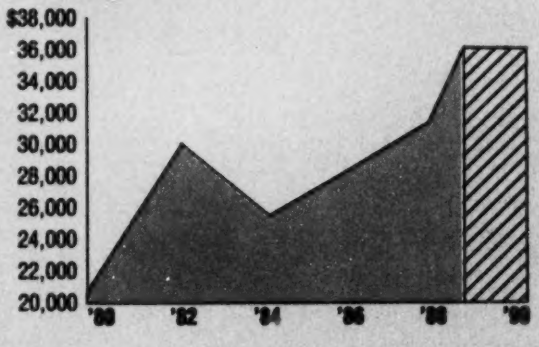
Average cost buyers expect to pay



Downpayment Dollars Nearly Double

As housing costs rose, so did the amount needed for a downpayment. Since 1980, consumers are paying 75% more for downpayments. In 1990, first-time buyers can pay an average downpayment of $16,455, up $962 from last year. And move-up buyers can pay an average of $49,819, up a whopping $11,453 from 1989. In 1990, the median downpayment for first timers is $10,000 and the median downpayment for move ups is $30,000.

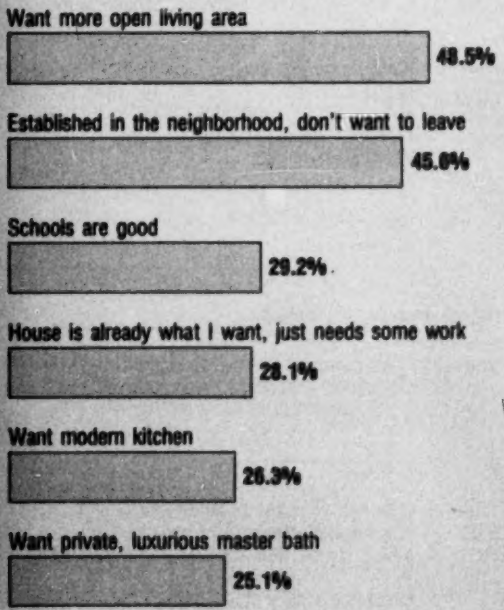
Average downpayment dollars for all buyers



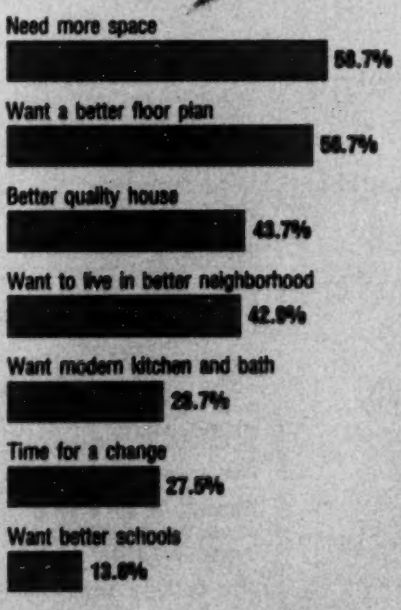
The Remodeling Option

Move-up buyers were asked what factors would motivate them to remodel their current house as opposed to moving if the cost was equal. Buyers wanted to stay in their established neighborhood if they could increase space, and they would move for a better neighborhood and more space.

For same dollar, why remodel?



For same dollar, why buy a new house?



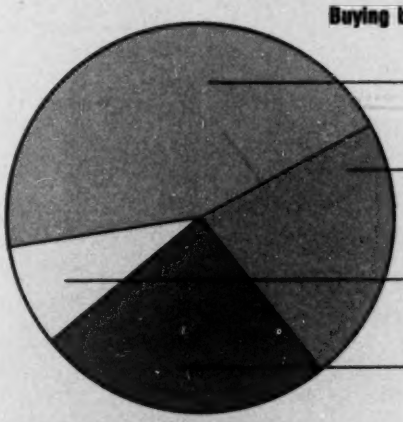
MONEY & MOTIVATION

To reduce the cost of housing, 42.3% of builders said land use restrictions should be relaxed and 36.9% said higher density units should be built.

Obstacles To Home Ownership

The rising cost of home ownership is making it difficult for consumers to buy and many consumers say the house they want is too expensive.

Buying barriers



Interest Rates Matter Most

When consumers decide to buy a house now, it's because of lower interest rates and finding affordable monthly payments. Move-up buyers are most apt to make their decision on lower interest rates (73.5%) and first-time buyers want affordable monthly payments (72.6%).

Reasons for buying now	% all consumers
Decrease in mortgage rates	61.9%
Affordable monthly payments	56.6
Inheritance	30.6
Less expensive housing available	28.2
Drastic change in lifestyle	22.5
Tax reform	21.7
Guarantee on home quality	19.8

If The Price Is Right

When consumers say it's time to buy, they care primarily about the cost of the house, not the downpayment. But the monthly payment looms large. To the majority of retirees, empty nesters and move-up buyers, price mattered most. But to first timers, the monthly payment is most important.

Most important buying decision	% all consumers
Price of house	43.7%
Monthly payment	31.0
Other financial concerns	11.5
Mortgage interest rate	10.1
Downpayment	4.0

Impact Of Mortgage Interest Deduction

The federal government is considering eliminating the mortgage interest deduction from the income tax. Builders and consumers agree this will impact new home sales, but will sales decrease? More than 60% of first timers say owning a house will be more difficult and 70% of builders agree.

Consumers:

What will be the effect of eliminating the mortgage interest deduction?	% all consumers
Make owning a house more difficult	46.5%
No affect on ability to own a house	45.6
Seek another tax shelter	24.9
Less likely to buy a house	15.8

Builder:

How will removal of mortgage interest deduction affect your ability to sell new homes?	% builders
Make home sales more difficult	70.9%
Home sales will increase	63.9
Have no effect on home sales	8.1

No More Landlord

Consumers buy homes for many financial reasons, but the most important factor is to pay for own property rather than renting. Building equity is most important for move-up buyers (44.0%), and empty nesters (36.8%) and retirees (37.5%) wanted to avoid higher housing costs in the future.

Financial factors of buying decision — **% all consumers**

Payment on own property rather than rent — 55.4%

Achieving a tax shelter — 39.3%

Building equity — 39.1%

Avoiding higher price in future — 29.3%

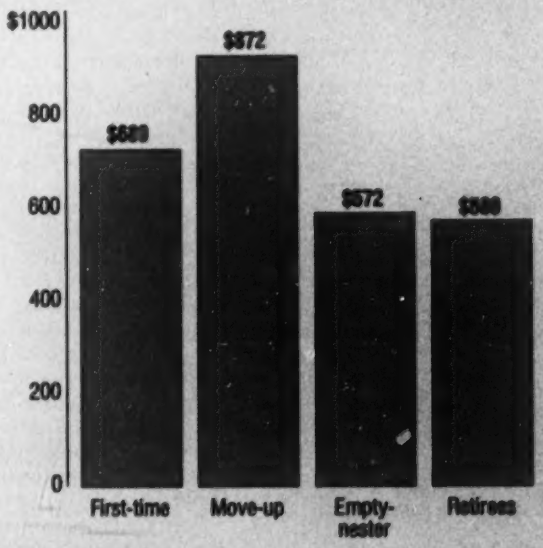
Having a hedge against inflation — 16.9%

Changes in tax laws — 5.9%

How Much Each Month?

The monthly payment is a key factor in affording new housing. The median house bill all consumers could afford is $714 a month. Move ups could afford the most ($872), and surprisingly first timers could afford the second most ($689). Nearly 40% of move-up buyers could afford more than $1000 a month.

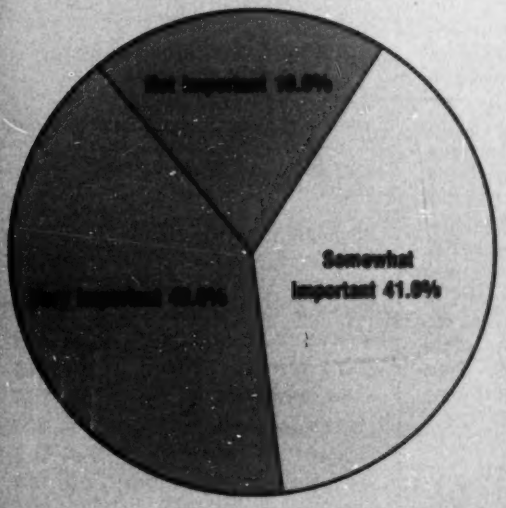
Maximum median monthly payment buyers could afford



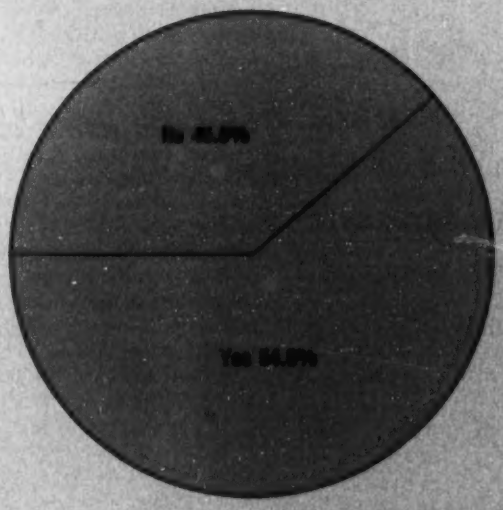
Warranties Important, But Not Necessary

Nearly all consumers (90%) say an insured warranty is important in whether they decide to buy. And 46% would not buy a house without an insured warranty.

Importance of insured warranty

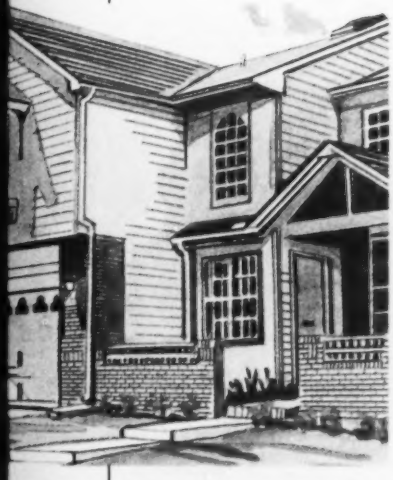


Would you consider buying without an insured warranty?



DESIGN

Make Room For Space



Home shoppers are more willing to buy an attached home today than in 1978. Then, 97.4% of buyers wanted a detached home. Now, 83.5% want a detached home.

Said comedian Billy Crystal: "It's not how good you feel, it's how good you look." Today's house better look good. Home shoppers demand it.

In fact, given the choice of upgraded design and quality amenities or a larger lot, buyers chose the amenities. But asked to choose between a small house with quality amenities or a bigger house with fewer amenities, buyers would take the larger house, figuring they could add the amenities later. Those shopping for an attached home opted for the amenities, however.

In 1990 buyers will be looking for more space. When asked what design elements are most important in a new home, shoppers chose linen closets, garage storage space and a kitchen pantry. And when asked what motivates consumers to move up, they said a better designed home, followed closely by more room for a growing family.

Asked to choose two features for their new home, shoppers chose an extra bedroom (58 percent) and bath (57 percent) over a fireplace (47 percent), whirlpool tub (21 percent) and volume ceilings (13 percent). First-time home buyers wanted an extra bedroom most. Move ups, empty nesters and retirees opted for an extra bathroom.

Throughout the '80s, "bath" has been a buzzword. Buyers wanted a big master suite with deluxe bathroom features. Since 1975, when PB conducted its first consumer survey, actual bathrooms have increased in number. For instance, in 1975 home buyers in the lowest price bracket (homes costing less than $25,000) expected 1.6 bathrooms in a new home. In 1990, buyers in the lowest price bracket (now less than $85,000) will want at least two baths. This is significant because buyers said they want a minimum of two baths in any new home. In 1975, no buyers expected three baths, whereas in 1990 the highest-end buyer (more than $300,000) will expect three baths.

More Space In Family Areas

If home buyers could enlarge any particular areas in their new house, they would add closet space and increase the size of the family areas, like the kitchen and family room.

Areas consumers would enlarge	% all consumers
Living areas	
Family room	38.9%
Living room	23.6
Dining room	12.1
Bonus room	11.3
Kitchen	
Meal preparation area	45.3%
Eating space	30.9
Master suite	
Closet	39.4%
Bathing area	23.1
Sleeping space	14.1
Sitting room	8.4
Other	
Office/hobby room	23.3%
Secondary bedrooms	15.1
Secondary bathrooms	7.5

What Makes Attached Work?

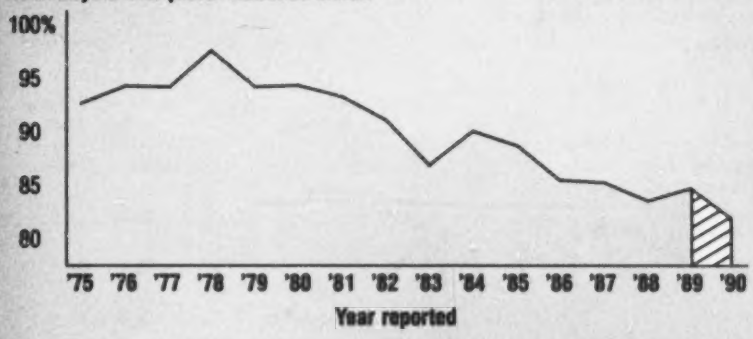
Buyers who prefer detached homes were asked what features an attached home needs to make it more acceptable. The top features were those that made the home seem detached.

What makes an attached home acceptable?	% all consumers
Privacy at rear of unit	39.6%
A sense of neighborhood	26.1
Sound control to omit noise	24.6
Energy saving features	24.3
Maintenance included in price	17.3
Situated in planned community	16.9
Recreational features available	16.0
Proven security	12.4
Common open space	11.3

Detached House Is Tops With Buyers

Since 1975 home buyers responding to PB's consumer survey overwhelmingly said they prefer a detached house (1 house on 1 lot) over an attached house. And they still do today, though that percentage is at an all-time low. A townhome is favored by buyers who prefer attached.

% of buyers who prefer detached homes



The Best Of The Rest

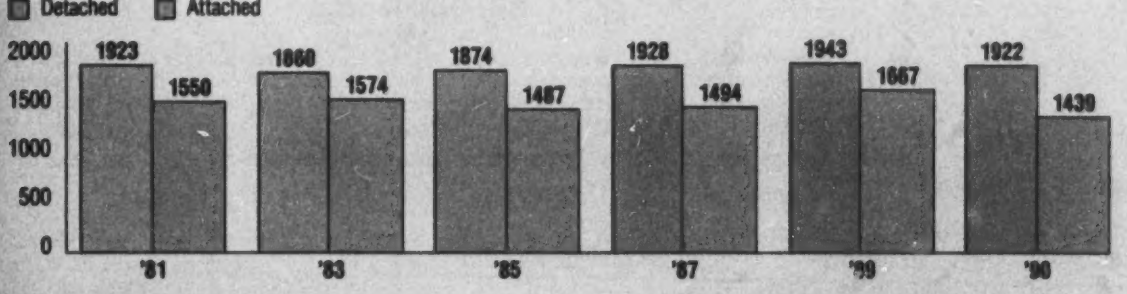
Though detached homes are slipping from favor, attached housing has a long way to go before it becomes acceptable to most consumers. Retirees (35.6%) and empty-nesters (34.4) are most likely to accept an attached unit.

Type of housing buyers prefer	% all consumers
Detached house	81.9%
Townhouse	5.0
Duplex	3.8
Condo, low rise	3.1
Condo, high rise	2.0

House Sizes Have Varied From Year To Year

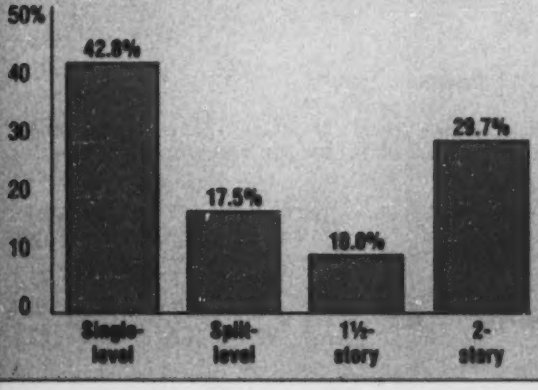
The '80s were an interesting decade for new housing. Since 1983, the cost of housing rose 67% but the size of housing has decreased and increased. Buyers of detached and attached homes expect to purchase a smaller home in 1990.

Average square footage buyers expected of detached and attached homes in the '80s



Single-Level Style Preferred In 1990

Since 1975, buyers have preferred a single-level style of house. In 1975, 51.8% of buyers wanted a single-level and today 42.8% wanted a single level. The difference is significant, but no other style is as popular.



Guarantee Energy And Quality

When a builder touts the energy features and quality of construction of a new home, only a handful of buyers will believe it. They would rather see the guarantee.

How consumers determine credibility of:	Energy	Quality
Ask for guarantee/warranty	62.3%	62.9%
Visual inspection	56.5	76.5
Ask for literature	48.4	32.4
Look for brand names	43.9	35.1
Ask others who bought from builder	43.0	59.9
Get independent evaluation	38.7	46.8
Compare with other homes	38.1	56.4
Take builders word for it	15.5	16.1
Not concerned	4.0	2.5

DESIGN

Housing Then And Now

Three Bedrooms For Detached House

The attached house averages fewer bedrooms today than in 1975. In 1990, only move-up and first-time buyers prefer homes with 3 or more bedrooms.

	1975	1990
Average number of bedrooms wanted in a detached house	3	3
Average number of bedrooms wanted in a attached house	2.5	2

Two-Car Garage Is No. 1

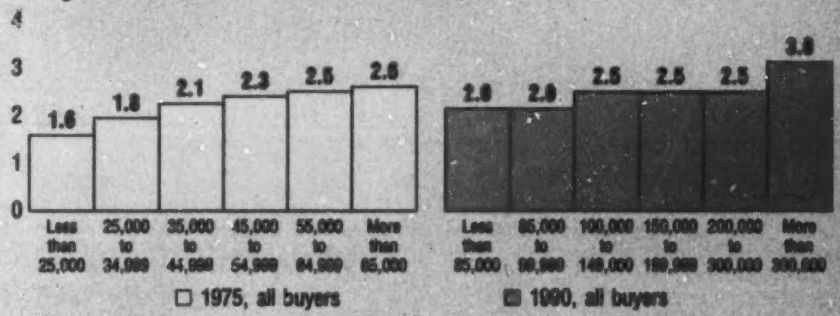
Overwhelmingly, all consumers preferred a 2-car garage over other styles. The 3-car garage is gaining popularity with move-up buyers; 23.1% want a 3-car garage.

Garage Space	% all consumers 1975	1990
1-car	NA	9.4
1½-car	14.4	6.5
2-car	68.6	61.1
3-or-more-car	5.9	11.9
Carport	7.9	5.4

More Room To Bathe

Bathroom is a buzzword, no doubt about it. And today's home buyers want more baths than they did 15 years ago. In fact, buyers in any price range today want at least 2 baths. The chart indicates how many baths home buyers want for their money. Note that the 1975 chart is based on a vastly different price scale for the same type of housing.

Average number of bathrooms consumers want in detached homes



Full Basement Favorite

Whether it's a detached or attached home, all buyers prefer a full basement. And that opinion changed little in 15 years. However, more buyers in 1990 will opt for other basement options than they would in 1975.

Type of basement	Detached 1975	Detached 1990	Attached 1975	Attached 1990
Full basement	65.8	58.3	61.3	73.0
Crawl space	6.8	24.8	3.6	18.4
No basement	27.1	17.0	11.1	22.4

In 1975, a builder's best-selling model with land sold for $43,560. In 1990, builders expect their models to sell for $184,000. That's a 322% increase.

Traditional Architecture Is Buyer's Choice

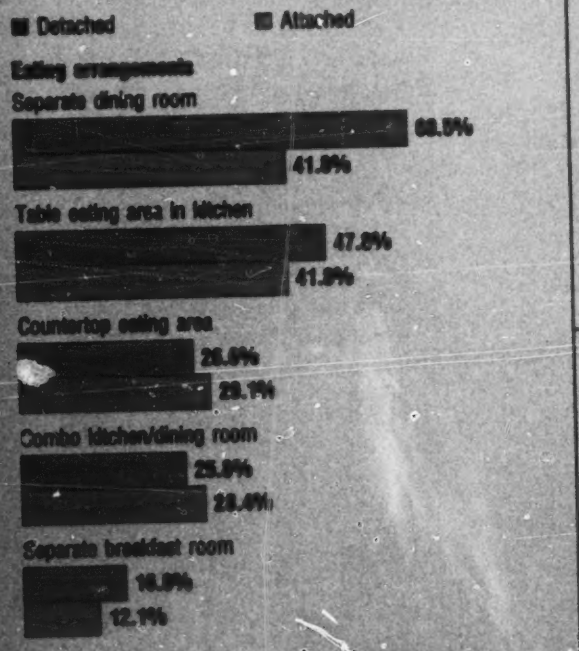
As in years past, traditional architectural style is the top selection for all consumers. Regionally, West Coast and New England home buyers prefer a contemporary style. In the Midwest, traditional is the overwhelming choice.

Architectural style	% all consumers
Traditional	37.5%
Contemporary	28.7
Colonial	13.1
Victorian	6.7
Other	5.7
Spanish	4.7
Tudor	3.5

Architectural style	Builders offer
Traditional	48.3%
Contemporary	25.8
Colonial	10.5
Spanish	8.8
Other	4.1
Tudor	1.7
Victorian	0.7

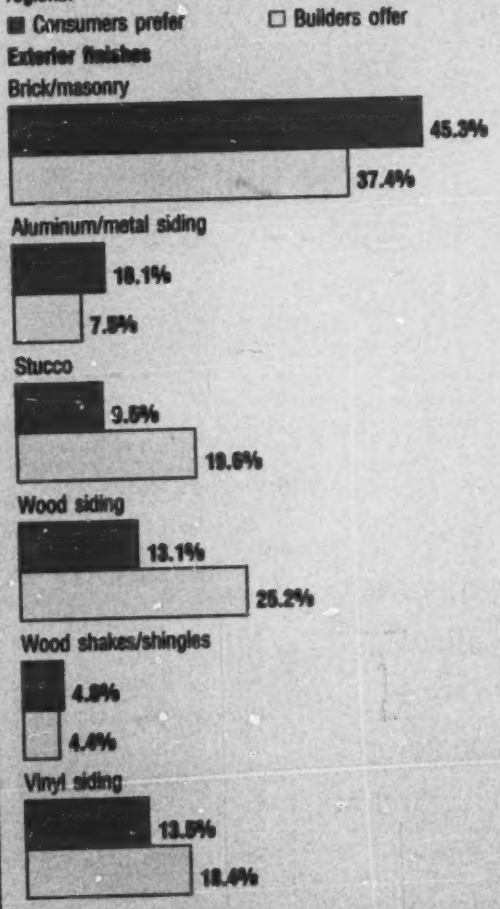
Consumers Want Separate Dining Room

When it's dinner time, most home buyers want to eat in a separate dining room. But they also want eating space in the kitchen. Attached-home buyers are just as likely to eat in the kitchen as the dining room, while detached-home buyers prefer the dining room.



Brick Favorite Exterior Finish

Regional tastes vary, but the overall favorite for a home's exterior finish is brick or masonry. In New England, wood shakes were the top choice, followed by vinyl siding and then brick. On the West Coast, stucco was number one, followed by brick with wood siding a close third. Brick is preferred in the Mid-Atlantic, East North Central, West North Central, South Atlantic, East South Central, West South Central and Mountain regions.



Give Buyers A Good Value

In 1975, all consumers said the overall workmanship of a house was the most important factor in deciding whether to buy. Today, homeowners are most concerned with value. Builders believe the main reason their product sells is location.

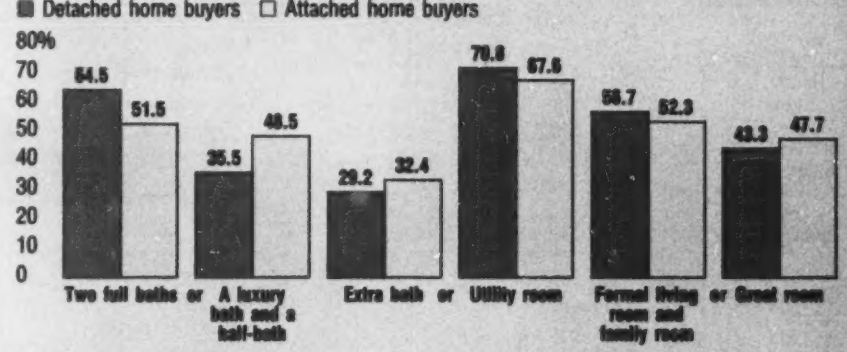
	Things consumers expect	Why builder believes project is successful
Good neighborhood	84.9%	84.7%
Value	82.4	41.4
Quality	54.2	89.9

DESIGN

All buyers prefer a 15- to 30-minute drive to work. First-time buyers are willing to drive a little longer—30 to 45 minutes, said 34.1%.

Room Options

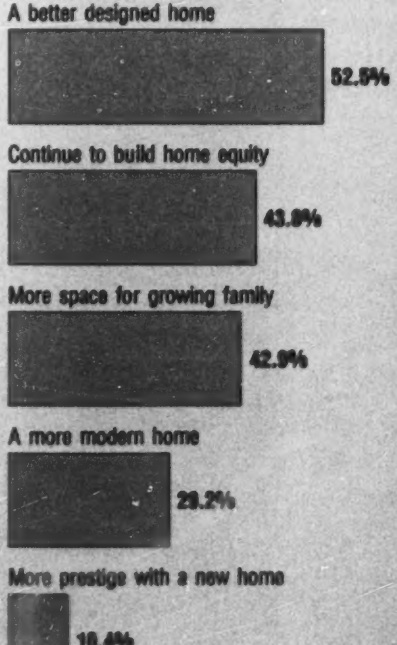
Buyers of attached and detached homes differ on room options. Buyers of detached homes would rather have an extra full bath, while buyers of attached homes want a 1/2-bath if they can get one luxury bath. But both buyer types would opt for a utility room over an extra bath.



Why Move-up Buyers Move Up

More than 75% of move-up buyers believe affordable move-up housing is available in their area. And what do they look for? Better design and more space.

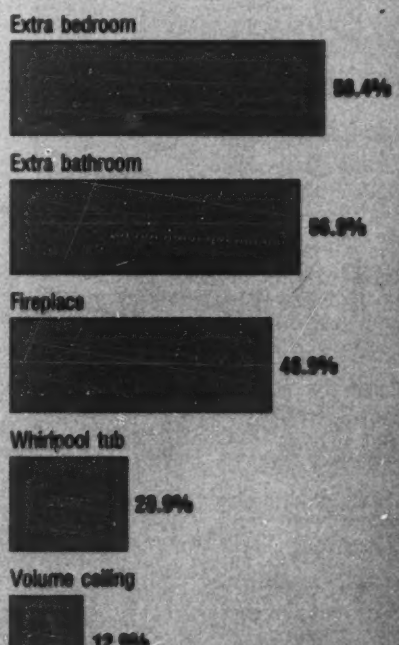
Needs of the move-up buyer



Buyers Want More Space

When it comes to the extras, buyers want more bathroom and bedroom space. Last year, a fireplace was more important than an extra bathroom.

Extra features consumers prefer



Bigger Is Better

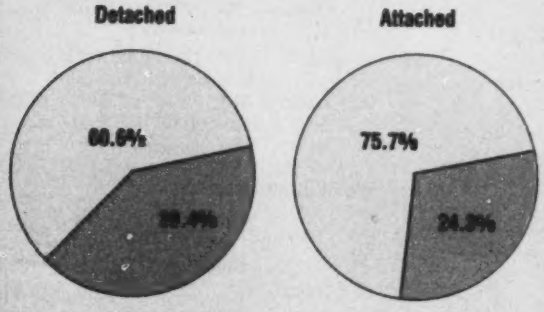
Lot Size Healthy For Detached Homes

Most builders still offer buyers 1/2-acre or larger lots for a detached house. Builders of attached homes offer the majority of their buyers private courts, but nearly as many attached homes share a common open space.

Size of lot with builders' best-selling model	Detached homes	Attached homes
1/2-acre or more	52.7%	6.5%
Narrow front, deep rear	32.4	14.3
Small yard with private court	12.6	42.9
Common open space, no private yard	2.7	41.6
Narrow front, deep front yard	3.8	2.6

Buyers Prefer Design, Not Land

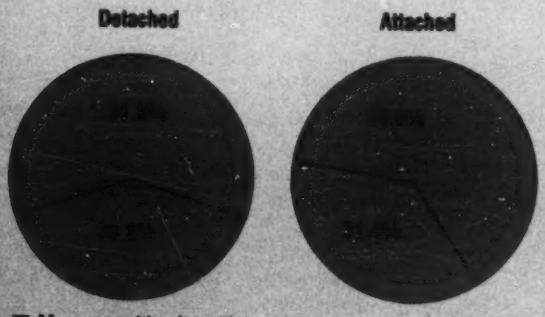
Even though most builders offer at least a 1/2-acre lot, most buyers (especially attached) would trade land for upgraded amenities in a better designed home.



□ Upgrade design and amenities, but have a smaller lot
■ Give up amenities for a bigger lot

Disagreement On House Size Vs. Amenities

When the choice is house size or more amenities in a smaller, high-quality space, detached buyers want more size. Amenities can be added later, they say. Attached buyers, though, want more amenities.



■ More amenities in a high-quality space
■ Bigger house, add amenities later

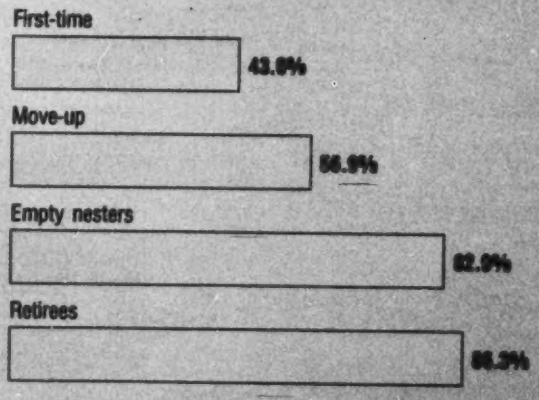
Design Elements

Consumers rated the following design elements they determined as most desirable in a new home. Like last year, space options rated highest.

Design elements	Most desirable
Linen closet	88.5%
Garage storage space	79.5
Pantry	76.3
Patio	74.4
Two closets in master suite	71.7
Porch	70.6
Family entertainment space	70.0
Covered entries	67.6
Multipurpose rooms	58.4
Bigger master bath	48.2
Home office space/hobby room	42.5
Cathedral or vaulted ceilings	41.2
Formal entertainment space	38.6
Raised, flat ceilings	37.6
Sun room	37.4
Built-in furniture for more space	36.2
Home entertainment room	29.9
Full-time home office	26.1
Dramatic windows	24.5
Interior lofts and balconies	21.7
Interior plant shelves	21.5
Garden bathroom	20.9
In-law suite	17.2
Home fitness center	16.8

Consumers Want First-Floor Master Suite

The majority of all consumers, except first-time buyers, want a first-floor master suite. Retirees and empty nesters in particular want the master suite on the first floor.



PRESENTATION

Buyers Like Models, Not Salespeople

Lee Iacocca doesn't sell Chryslers from a showroom. He's too busy making executive decisions. Likewise, builders should not be sitting in a model home selling their product. That's why they have a sales staff.

But builders have to know what is going on in the sales office. PB's survey indicates that home shoppers think salespeople are too pushy, not knowledgeable enough about the homes they sell and don't make buyers feel welcome. This reflects poorly on builders and could cause lost home sales.

That is not good news considering the investment a builder makes in a model home. Builders said they spend an average of $21,928 per model for interior decorating and another $5572 for landscaping. That's $27,500. Plus, they spend an additional $38,603 for constructing and decorating a sales center. After that kind of investment, builders cannot afford a poor sales staff.

When it comes to the actual model home, buyers like what they see. They like the decorating, although 56.5 percent of buyers said unfurnished or only partially furnished models are fine. And buyers like the size, workmanship and condition of the model.

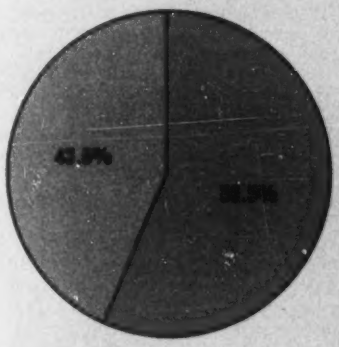
Empty nesters visit models more than any other buyers, but only 39 percent went to a detached model. Empty nesters are the most likely buyer group to visit an attached-home model (15.3 percent) or a condominium model (10.2 percent). Move-up buyers visited a detached house most often (57.1 percent).

Overall, builders said that a detached house with three bedrooms is their best-selling plan. Only builders in the East North Central region said a four-bedroom model is their best seller. For attached models, only builders in the Mid-Atlantic and South Atlantic regions said a townhouse is their best seller, while builders in New England and the Pacific regions say buyers like condominiums in low-rise buildings.

Does the type of brochure matter? Not much, consumers say. A folder with loose inserts is preferred by 51.2% of buyers compared to 48.8% for a bound brochure.

Influence Of Interior Decorating

Does a model home's interior decorating influence a buyers decision to buy? Most consumers say no, but decorating has a stronger influence on move-up buyers and retirees.



- No, unfurnished or partially furnished models are fine. **56.5%**
- Yes, furnishings help visualize living in a house. **43.5%**

Buyers Visit Detached Models

In the last 6 months half of the home buyers surveyed visited a detached house on 1 lot. Only a handful went to an attached model, and more than a third did not visit a model.

Type of model visited within past 6 months	
Detached house	49.9%
Did not visit a model	37.2
Attached house	5.5
Apartment-type condo	4.2
Mobile home	3.2

Buyers Want An Open Floor Plan

When home buyers walk through a model, they are impressed by certain aspects. For the most part, they aren't interested in individual rooms; they are interested in the overall house plan.

What affects your impression of the house	% all consumers
Open floor plan	48.8%
Kitchen	29.0
Master bedroom	6.9
Living room	5.9
Other	5.9
Family room	5.0
Entry	4.2
Master bath	1.2
Volume ceiling	1.0

What Works In A Model Home?

When it comes to checking out a model home, consumers are fickle. They like the decorating, but they don't like the salespeople. They like the size of the house, but think it costs too much. The following checklist indicates what more than 50% of buyers liked or disliked about the model presentation.

Turned on

- Model decorating
- Size of the home
- Workmanship of the home
- Condition of the model
- Condition of sales office

Turned off

- Cost of the home
- Selling tactics
- Attitude/approach of sales staff

Salespeople Take Note

More than half of home shoppers (56.2%) did not like the approach of the sales staff in the model home. What is it about sales people that irritates buyers? Here are a few clues.

Sales approach	Most	Some	Few
Did the salesperson present the basic advantages of the home's community?	43.8%	41.1%	15.1%
Did the salesperson point out hidden values?	38.8	42.4	18.8
Did salesperson point out benefits the competition doesn't offer, without demeaning them?	20.6	42.9	36.6
Did salesperson treat me with professionalism?	35.2	44.3	20.6
Are salespeople too pushy?	20.5	38.4	41.1
Are salespeople interested in me as a customer?	16.8	38.0	45.2
Are salespeople knowledgeable about homes they are selling?	11.5	47.1	41.3
Do salespeople make you feel welcome?	5.6	33.6	60.9

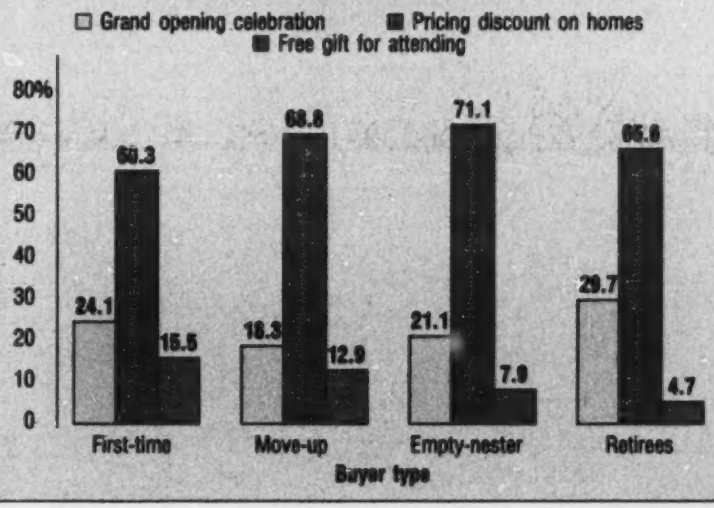
Brokers And Ads Bring Buyers

When home shoppers look for a home, their top information sources are brokers and newspaper advertising. The electronic media, radio and television, has little influence.

Sources for new homes	% all consumers
Real estate broker	68.8%
Newspaper or classified ads	55.7
Advice from friends	27.1
Billboards/for-sale signs	23.1
Parade of homes	13.3
Direct mail from builder	5.7
Cable TV	1.1
Radio ads	1.0
Television ads	0.8

Price, Not Promotion

Different promotional activities attract buyers better than others. First-time buyers and retirees like grand opening celebrations better than empty nesters and move-up buyers. But without a doubt, it's a price discount that brings all buyers in.



PRODUCTS

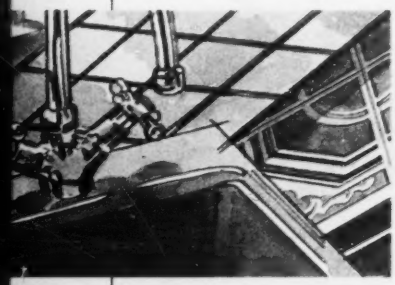
Give The Buyer The Right Stuff

Quality products are at the heart of a quality house. Buyers expect a certain degree of quality with their appliances, windows and floors. Builders should also be sensitive that buyers pay more for housing today than in the past, and products in the house should reflect that.

Builders and home buyers don't always see eye-to-eye on standard products. Two charts on the opposite page highlight products where builders and buyers have more than a 15 percentage point difference in opinion. These products are noted for two reasons. First, builders can spot products the buyer wants and are not offered. For instance, 85.6 percent of consumers want a medicine cabinet as standard, yet only 59.6 percent of builders offer it as standard. And second, just the opposite. Builders are offering some products as standard buyers don't care for. For example, 50.3 percent of builders offer colored fixtures at no extra charge, though only 31.8 percent of buyers want colored fixtures as standard.

Similar discrepancies can be found by scanning the options chart on page 116. Though these items are not highlighted, there are significant percentage point differences in many products.

Most home shoppers said they would pay extra for energy-saving products, though a small percentage of retirees (14.2 percent) would not pay extra because they say the savings take too long to recover. Buyers also said they would pay extra for low-maintenance products. Empty nesters (66.2 percent) and retirees (64.5 percent) wanted this option most. First timers (57.6 percent) would also pay extra, but 24.4 percent would not spend the extra money.



Want to appeal to young buyers? Add a home entertainment room and a home fitness center. Buyers under 30 years old are most likely to want those options.

Standard Allowances

Buyers of detached housing get more from the builder than buyers of attached housing. On the average, builders offer buyers of detached homes twice as much money for standard allowances than buyers of attached housing.

Standard allowance for:	Detached	Attached
Lighting	$1543	$534
Plumbing fixtures	2940	1437
Appliances	2161	1472
Landscaping	2316	1641

Build Better Baths

Consumers want a bigger and grander bathroom with more closet space. And if you think a fireplace sells, forget it. Only 10% wanted fire and water; 68% of builders reported the master bath in their best-selling model is getting bigger.

Most important bathroom elements	% all consumers
Walk-in closet	79.6%
Private bath	76.4
Separate from bedroom area	58.3
Dressing and make-up area	32.5
Mirrored doors	18.8
Sitting area	18.1
Balcony or patio	17.3
Fireplace	10.6
None	5.4

Who Will Pay Extra For Exterior Maintenance?

Buyers of attached and detached homes don't see eye-to-eye when it comes to yard care and exterior maintenance. The majority of buyers of attached homes will pay extra for these services, but the majority of detached buyers will not.

Detached/Attached

Are you willing to pay a monthly fee for yard maintenance?

Detached/Attached

Are you willing to pay a monthly fee for exterior home care?

How Smart Is Your House?

Depending on the buyer, intelligent house features like security, entertainment and energy management are important. The majority of all buyer types want security, especially empty nesters and retirees.

	% buyer type				
Intelligent House feature	Move-up	Empty-nester	First-time	Retirees	Price buyers will pay
Entertainment	34.4%	32.2%	40.9%	39.3%	$725
Security/safety	64.4	76.5	65.8	72.3	900
Energy management	69.3	76.6	67.8	64.7	967
Communications	37.6	39.0	29.5	35.9	497
Service/data	12.9	15.0	13.7	17.6	454

Pay Now, Save Later

Consumers overwhelmingly said they would spend more money on energy-efficient products and low-cost maintenance equipment to save dollars down the road.

Would you spend an extra $500 for energy-saving products to save $100 a year on heating and cooling costs?

- Yes **66.5%**
- Yes, and would spend more to save more **23.4%**
- No, savings recovery takes too long **10.1%**

Would you spend an extra $1000 on low-maintenance equipment to save $200 a year on maintenance?

- Yes **62.0%**
- Yes, and spend more to save more **21.1%**
- No, savings recovery takes too long **16.9%**

What Should Be Standard?

Consumers expect certain items, like a medicine cabinet, as standard in their new bathroom. Builders offer certain standard items. And for the most part there is agreement between consumers and builders on what should be standard, but the highlighted items in the following charts indicate at least a 15 percentage point difference in opinion.

Kitchen features

Kitchen features	Consumers want	Builders offer
Range/oven	88.8%	90.4%
Dishwasher	80.1	95.0
Vinyl floor covering	68.9	70.2
Pantry	67.3	57.8
Self-cleaning oven	64.9	65.2
Garbage disposal	64.5	78.0
●Refrigerator	61.1	45.7
Stainless steel sink	59.0	63.0
●Single-handle faucet	58.8	79.5
Fluorescent ceiling lighting	51.3	47.8
Two sinks	50.2	40.4
●Laminated plastic countertops	46.7	73.3
Microwave oven	38.9	53.4
Enamel/porcelain sink	33.0	32.0
Ceramic tile countertop	29.1	17.7
●Two-handle faucet	28.4	11.2
Ceramic tile floors	19.4	18.6
Trash compactor	15.2	18.6
Ceramic tile walls	10.0	6.8
Carpeted floor	9.3	6.5

Bathroom features

Bathroom features	Consumers want	Builders offer
●Medicine cabinet	85.6%	59.6%
Exhaust fan	85.1	94.7
●Linen closet	81.8	56.2
Tub/shower door	61.9	59.9
●Ceramic tile walls	49.8	27.6
Ceramic tile floors	47.6	47.5
One-bowl vanity	47.0	41.9
●Safety features	43.2	24.8
Two-bowl vanity	39.0	51.6
Bathroom heater	38.7	27.0
White fixtures	31.8	39.8
●Colored fixtures	31.8	58.3
Dressing area	23.3	28.0
●Mirrored wall	20.7	72.7
Skylight	19.1	32.0
Ceramic tile vanities	18.5	18.9
Compartmentilized bath	15.6	20.2
●Whirlpool	11.8	33.5
Sauna	2.7	1.2
Bidet	2.0	5.3

PRODUCTS

Options, Options, Options

Consumers want options and will pay extra for them. Builders offer many of these options as standard. If you look closely, you'll find a few items that buyers may not care too much for.

$100 to $300 options		
Smoke/fire alarm system	62.9%	87.7%
Energy-saving water heater	61.4	80.9
Ceiling fan	55.2	52.9
Built-in TV/wall jack	52.9	78.7
Self-cleaning oven	52.7	78.6
Outdoor lighting	44.9	50.7
Tub/shower enclosure	42.8	67.6
Water-saving shower heads	32.7	67.9
Dimmer switches	31.3	39.1
Clock-controlled thermostat	29.2	22.9
Closet organizers	28.3	33.2
Water-saving faucets	28.3	63.8
Decorative exterior door	25.8	76.0
Gas outlet at fireplace	21.0	36.6
Sump pump	20.6	40.3
Patio grill	18.5	2.3
Exterior shutters	17.0	57.3
Mirrored doors	15.4	23.9
Trash compactor	15.1	19.2
Interior shutters	6.4	2.4
$300 to $500 options		
Garage door opener	56.4%	57.8%
Storm door	40.7	26.8
Lawn sprinkling system	39.3	31.6
Ceramic tile walls	39.0	44.5
Microwave oven	36.4	52.4
Built-in cabinets (not kitchen)	32.9	28.2
Power-attic ventilator	31.6	15.8
Entry-way with ceramic tile	30.9	56.0
Patio privacy fence	22.8	21.4
Automatic humidifier	22.1	17.9
Greenhouse/planter window	22.1	12.6
Wood sliding/patio door	20.9	90.6
Electronic air filter	15.2	11.6
$500 to $800 options		
Paved driveway	66.2%	83.9%
Refrigerator	55.7	46.2
Patio decking	36.6	61.4
Skylights	32.7	51.4

Home security is most important to buyers more than 60 years old (69.3%), although all age groups rated it important. Buyers aged 30 to 39 are most likely not to want it.

$500 to $800 options (cont.)		
Extra-large tub	24.5%	45.5%
Concrete patio	23.1	63.7
$800 to $1000 options		
Upgraded carpeting	60.7%	29.8%
Double-glazed windows	51.0	89.7
Shelf system for closet	38.1	56.1
Patio roof	24.6	19.7
Water softener	23.2	5.2
Intercom system	14.9	15.2
$1000 to $1200 options		
Zoned heating/cooling system	61.3%	59.1%
Laundry appliances	58.5	16.7
Central vacuum	25.4	15.2
Wet bar	15.9	27.7
European-style cabinets	11.7	32.8
$1200 to $1500 options		
Yard fencing	48.1%	23.5%
Hardwood floors	47.1	31.0
Tub and separate shower	42.6	66.5
Solar water heating	23.4	2.9
Kitchen barbeque grilltop	13.9	19.0
$1500 to $2000 options		
Air-conditioning	76.4%	78.5%
Storm windows	58.5	31.7
Frontyard landscaping	30.7	74.3
Insulated basement walls	29.1	46.7
Burglar/security system	29.1	19.1
Bay window	27.3	45.3
French doors	23.9	47.5
Whirlpool bath	19.6	34.3
Sauna	4.9	0.6
Bidet	2.1	5.4
$3000 to $6000 options		
Fireplace	75.1%	70.4%
Hot tub	28.9	3.8
Additional powder room	20.9	35.0
$8000 to $12,000 options		
Complete landscaping	69.9%	72.0%
Screened porch or Florida room	56.9	12.9
$12,000 to $20,000 options		
Rec room in basement	57.3%	18.8%
Swimming pool	52.7	3.5

NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

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32, 50, 54, 60

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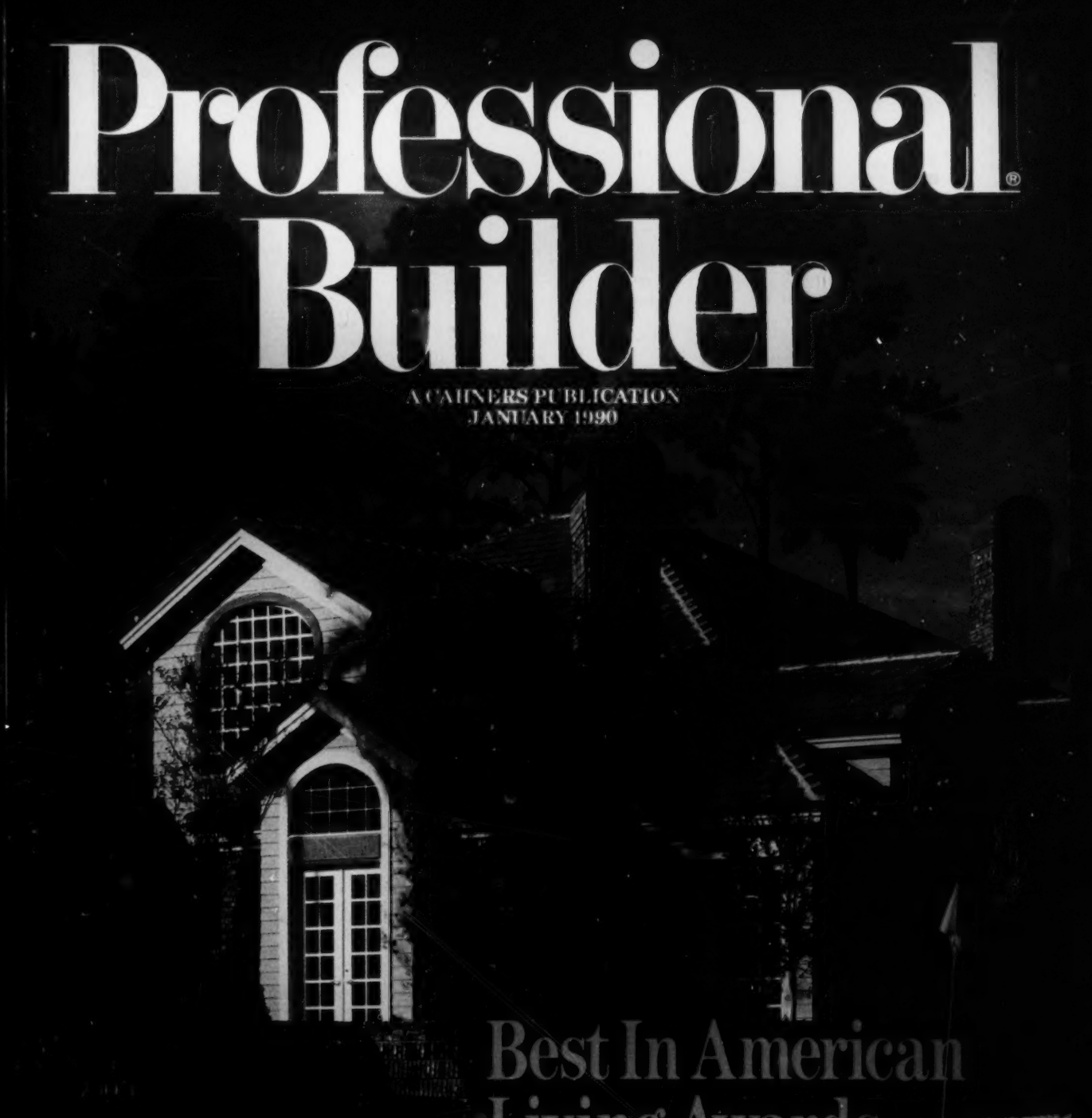
JANUARY 1990



Best In American Living Awards

Order Working Drawings Of This House & Other Winners

The Year's Biggest Product Preview, Plus The Best Of 1989

How Healthy Is Your Business? Financial Ratios Have The Answer

Professional Builder

JANUARY • 1990 VOL. 55

THE MAGAZINE OF HOUSING AND LIGHT CONSTRUCTION/A CAHNERS PUBLICATION

The best houses of 1988 and 1989. That's what the Best In American Living Awards program honors. A look at all the winners, beginning on page 196.

The best new products for 1990. That's what you'll find in the industry's biggest and most colorful product preview. It all starts on page 268.

FEATURES

The Best In American Living Awards 196

The "Best." That's a pretty heady label to bestow upon anything. But late last summer, a dozen judges decided that nearly three dozen housing projects deserved to win Best In American Living Awards.

Professional Builder's awards program (co-sponsored with the National Association of Home Builders) recognizes well-designed houses and condos that incorporate livability, construction quality and architectural features.

For details on how to enter next year's contest, see page 249.

New Products For A New Decade 268

In this special 20-page report, builders will find more than 100 new and best-selling products. Staff editor Andrea LaFreniere assembled this extensive portfolio of building products and services.

And don't miss the top 100 products of 1989. These are the products that piqued builders' interest last year. They are worth a second look today.

1990 Housing And Economic Forecast 28

Lower interest rates will mean steady improvement in new construction and in remodeling spending. That's the forecast of Cahners Economics, the forecasting arm of Cahners Publishing, parent of *Professional Builder* magazine.

Then turn to page 40 to read an exclusive PB survey of Giant builders that tells their building plans. They intend to build affordable housing in 1990. Some Giants also advise to stay lean this year, watch cash flow and investigate joint venture possibilities. Other economists' forecasts (page 50) indicate that 1990 will be nothing to jump up and down about. In fact, the NAR calls its economic outlook "boring."

After reading all three outlooks, builders can make up their own minds about how to proceed in 1990.

On the Cover

Marc Sharp Construction built this 3836-square-foot custom house in Longwood, Fla. You can purchase working drawings of this plan. See pages 240 and 241 for details. Architect was the Evans Group. Photo by Everett & Soule.

Professional Builder

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Party for profits. Page 89.

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